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MAINE PUBLIC ASSISTANCE MANUAL

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PROSPECTIVE BUDGETING

**GENERAL RULE:** Eligibility and benefit amounts are based on the best estimate of the household's income and other circumstances expected to exist until the next review.

The best estimate is based on the recipient's and Eligibility Worker's knowledge of the past, as well as, reasonable expectations of current and future circumstances. In making this determination the Worker must use the concepts of significant and non- significant income changes as well as averaging. The method of arriving at the best estimate of income must be clearly documented.

**Significant Income Changes:** Changes in sources or amounts of income which are expected to continue long enough to be reflected in at least one check. Some examples are starting a job, a new source of unearned income, losing a job or source of unearned income, or changes in hours and wages.

**Non-Significant Income Changes:** Changes that are temporary, very short term and not part of the ongoing pattern. These may include fluctuations due to irregular overtime or unpaid days off and other changes not expected to continue beyond the month of occurrence.

**NOTE:** Variations in income caused by non- significant changes are not considered underpayments or overpayments.

**Making a Best Estimate (Income Averaging):** A best estimate is determined by the following steps:

1. All income received in the eight weeks immediately preceding the application or review must be verified.

**EXCEPTION:** When income stops, verify the termination and verify only the income received in the month of application and thereafter. In these instances, there may be less than 8 weeks of income.

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PROSPECTIVE BUDGETING (cont.)

2. Through documentation of the income and discussion with the individual, determine if there were any significant changes. If the changes are of a continuous nature, they must be used in determining the best on-going estimate.
3. Decide if there are anticipated significant changes that should be acted upon now or recalled for a revision of the best estimate the month before the changes are expected to occur.

NOTE: The case is scheduled for recall because a recipient has been receiving unemployment compensation and eligibility for those benefits is expected to end soon. To complete the recall, the worker will divide the current diminishing balance by the weekly benefit amount and determine whether the best estimate of the recipient's income in the next month should include or exclude the unemployment compensation.

4. Determine the best estimate using only income from the eight week period that is representative of the future. The record must clearly document what income was used and what was not used and why.
5. Self-employment must be based on the most recent tax return, if it is representative of the future. For seasonal income, it may be more appropriate to use a comparable season for the upcoming review period.
6. The final step is to average the income the Worker has decided to use. If there were significant changes during the past period or expected changes in rate of pay or hours, this should be considered.
7. Weekly income is converted to a monthly figure using 4.3 or the biweekly amount is converted to a monthly figure using 2.15.

NOTE: Whenever less than a full month's income is anticipated, the actual monthly income will be used.

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## BUDGETING PRINCIPLES

GENERAL RULE: For purposes of determining eligibility and payment the income already received and any income which can be reasonably anticipated must be taken into account.

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## BUDGETING PRINCIPLES (cont.)

On or After 7/1/98: (Pretest prior to 7/1/98 are relocated to the appendix.)

## Application Pretests:

Beginning October 1, 2001, there are two pretests for applicants:

## 1. Gross Income Test

Gross income must be equal to or less than the amount indicated in the Gross Income Test column of the appropriate chart in the Appendix.

NOTE: Gross income includes the total earned and unearned income, before application of any disregards, of those individuals whose income is taken into account in determining eligibility.

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## BUDGETING PRINCIPLES (CONT.)

NOTE: The excluded stepparent is counted in the assistance unit for the gross income test.

NOTE: All of the earned income of a dependent child is excluded from the gross income test when they are full-time students or part-time students not employed full time.

For the purpose of this test, the countable income of excluded stepparents, sponsors, or parents of minor parents is their gross income less applicable disregards. (See Chapter III.)

NOTE: Child support received through the Department up to the current monthly obligation will be counted, with the exception of the first \$50.

Child support received directly will be counted with the exception of the first \$50.

The exclusion cannot exceed \$50 per assistance unit.

If the assistance unit's gross income is greater than the gross income test for the appropriate family size, they are ineligible. If the assistance unit's gross income is equal to or less than the gross income test for the family size, calculate the benefits using the appropriate disregards.

## 2. Second Income Test:

After applying all disregards, the countable income must be equal to or less than the amount indicated in the Second Income Test column in the appropriate chart in the Appendix.

### On-going Redetermination Pretest:

There continues to be one pretest for on-going redetermination of eligibility. When circumstances change, prospective eligibility is determined using the Gross Income test described above.

The Second Income Test is not used for redeterminations.

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## 555-6 Calculation of Payment

FS Cross On or after 7/1/99: (Calculations prior to 7/1/99 are relocated to the appendix).

The following disregards are given to individuals working on or after 7/1/99:

1. Each individual in the assistance unit who is employed, including self-employed individuals, is eligible for the following disregards:

- a. one hundred eight dollars; and
- b. fifty percent of the remaining earnings.
- c. Child or Dependent Care: After applying all of the other disregards, the worker shall deduct the cost of care for each dependent child or incapacitated adult needing care while the TANF recipient works. Deduct the actual cost up to \$175 per month per dependent or \$200 for children under age 2.

NOTE: Payment month is the month for which the benefits are intended.

NOTE: Dependent care is not allowed if paid to anyone included in the assistance unit.

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## BUDGETING PRINCIPLES (cont.)

2. If an adult member of the assistance unit is legally responsible for the support of others living in the home who do not meet the categorical definition of TANF or PaS, allocate the appropriate full need standard from the adult's remaining income.

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NOTE: No allocation can be made to dependents who are otherwise eligible for TANF or PaS. In addition, income will not be allocated to any dependent with assets in excess of the allowable limit.

If an adult member of the assistance unit is legally responsible for and *actually paying* support for children or alimony to a former spouse outside the home, the support payment is allowed as a deduction.

Child support received minus the first \$50 is added to the countable income until the effective date of assignment.

3. Subtract Countable Income from the need standard. Authorize the difference between the two figures up to the payment maximum. If the result is less than \$10 before application of any recoupment or proration, no check is issued. However, the assistance unit may be eligible for Medicaid.

NOTE: When the countable income is greater than the standard of need, there is no eligibility for TANF or PaS.

4. In the final step round down to the next whole dollar.

## Total Benefit Package:

In instances when the TANF recipient has child care costs, the Department shall determine a total benefit package, including TANF Benefits, determined above and additional child care assistance necessary to cover the TANF recipient's actual child care costs up to the maximum Market Rates specified in ASPIRE-TANF rules.

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## BUDGETING PRINCIPLES (cont.)

The TANF recipient has an option to:

Receive the total benefit package directly; or to have the department pay the recipient's child care assistance directly to the designated child care provider for the recipient and pay the balance of the total benefit package to the recipient.

If a TANF recipient notifies the Department that the recipient chooses to receive the child care assistance directly, the Department shall pay the total benefit package to the recipient.

If a TANF recipient does not respond or notifies the Department of the choice to have the child care assistance paid directly to the child care provider from the total benefit package, the Department shall pay the child care assistance directly to the designated child care provider for the recipient. The Department shall pay the balance of the total benefit package to the recipient.

NOTE: When the amount of the child care disregard or child care support service is not used to pay the child care provider, the benefit is considered an overpayment.

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## SPECIAL NEED HOUSING ALLOWANCE

GENERAL RULE: There is a special need payment of up to \$50 per month for each assistance unit incurring housing costs which equal or exceed 75% of their countable income.

All of the rules and budgeting principles governing the TANF or PaS Basic Grant payment will be applied to the Special Needs (SN) Payment.

EXCEPTION: A separate application for the SN payment is not required. The TANF or PaS application or re-determination is considered a request for the SN payment.

EXCEPTION from 7/1/98 through 6/30/99: Assistance units who are eligible for the Special Needs housing payment on June 1, 1998 who would lose their eligibility or would experience a decrease in payment when the July 1, 1998 TANF benefit increases, will remain eligible for their June 1, 1998 SN payment until the next change in their household would have made them ineligible for the 6/98 SN payment. This rule ends on 6/30/99.

In order to determine eligibility for families in this group, do the following:

1. Determine the family's eligibility for a Special Needs housing payment using the standard of need and maximum payment level used in 6/98.
2. After determining the 6/98 SN payment, add the payment amount to the 7/98 basic TANF grant.



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**SPECIAL NEEDS HOUSING ALLOWANCE**

Countable Income:

1. Earnings

*On or after 7/1/99: (Prior disregards are relocated to the appendix.)*

The following disregards are given to individuals working on or after 7/1/99:

Each individual in the assistance unit who is employed, including self-employed individuals, is eligible for the following disregards:

- a one hundred eight dollars; and
- b fifty percent of the remaining earnings.
- c. Child or Department Care: After applying all of the other disregards, the worker shall deduct the cost of care for each dependent child or incapacitated needing care while the TANF recipient works. Deduct the actual cost up to \$175 per month per dependent or \$200 for children under age 2.

NOTE: Payment month is the month for which the benefits are intended.

NOTE: Dependent care is not allowed if paid to anyone included in the assistance unit.

2. Unearned income including deemed income and child support minus the \$50 Pass Thru;
3. Basic TANF or PaS Grant amount.

**Countable Housing Expenses:** The expense which the TANF or PaS assistance unit is *responsible for* is the countable expense even when the assistance unit has been unable to pay that amount:

1. Rent, including lot rent;
2. Mortgage payment;
3. Property taxes;
4. Homeowner's insurance.

NOTE: Any housing costs paid by General Assistance will be considered the responsibility of the assistance unit.

NOTE: When the assistance unit's income is pooled with the income of others, and it is undefined whose money pays which expenses, a prorated share is used.

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SPECIAL NEED FOR HOUSING ALLOWANCE (cont.)

NOTE: Units incurring expenses for room or board and room may be eligible. To determine the amount paid for room by a unit paying both room and board, subtract the amount of the Thrifty Food Plan for the assistance unit's size from the board and room cost. The remainder is the cost of the room. When the unit can prove that a higher amount is being paid for room, the higher figure is to be used.

Budgeting Principles: Determine eligibility for the Basic TANF or PaS Grant in the usual manner.

When Eligible:

- a. Add the basic TANF and PaS grant amount plus child support (minus pass-through), plus countable income.
- b. Add costs for rent (including lot rent), mortgage, homeowner's insurance and property taxes.
- c. Divide "b" by "a"

(Steps a through c is the 75% test)

- d. When "c" is equal to or greater than 75%, subtract the TANF and PaS countable income from the Special Need Full Need Standard. The grant amount is the deficit up to the maximum Special Need Payment for the unit size (see Special Need in Appendix).

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## SPECIAL NEED FOR HOUSING ALLOWANCE (cont.)

## When Not Eligible:

- a. Using Special Need Chart, compare countable income for the gross income pretest.
- b. When the assistance unit does not pass this test, eligibility for Special Needs does not exist. The unit is ineligible for any payment.
- c. When the assistance unit passes the gross income test using the Special Needs Chart, calculate the 75% test as above (remembering that the basic grant is -0-).
- d. When "c" is greater than or equal to 75%, calculate the Special Need Payment by subtracting the TANF or PaS countable income from Special Need Full Need Standard. The grant amount is the deficit up to the maximum of \$50.
- e. When "c" is 74% or less, the assistance unit is denied all TANF or PaS benefits.

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SPECIAL NEED FOR HOUSING ALLOWANCE (cont.)

When Not Eligible:

- a. Using Special Need Chart, compare countable income for the gross income pretest.
- b. When the assistance unit does not pass this test, eligibility for Special Needs does not exist. The unit is ineligible for any payment.
- c. When the assistance unit passes the gross income test using the Special Needs Chart, calculate the 75% test as above (remembering that the basic grant is -0-).
- d. When "c" is greater than or equal to 75%, calculate the Special Need Payment by subtracting the TANF or PaS countable income from Special Need Full Need Standard. The grant amount is the deficit up to the maximum of \$50.
- e. When "c" is 74% or less, the assistance unit is denied all TANF or PaS benefits.